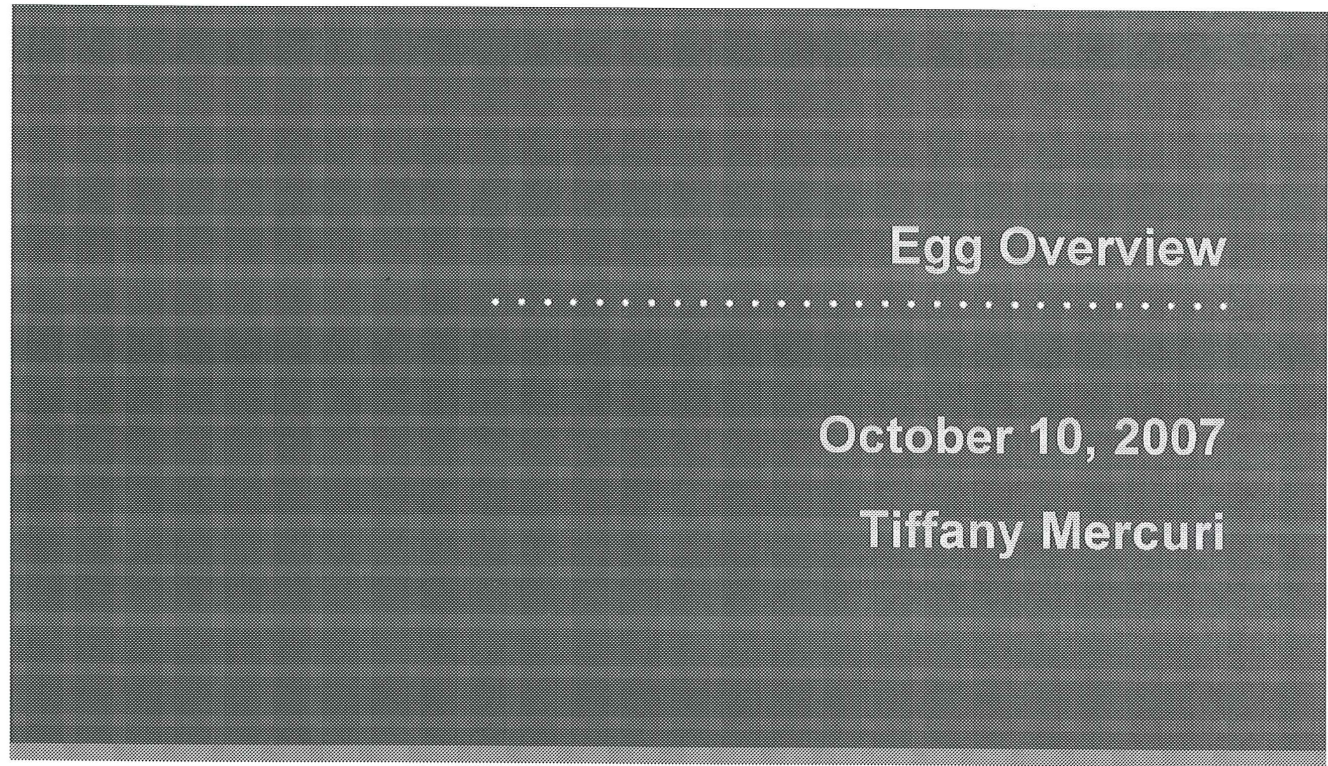


# **EXHIBIT A**



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**DEFENDANTS'**  
**EXHIBIT**

Case No. 1:11-cv-08808

**D-0013**

**D-0013-0001 of 0017**

## Agenda

- GMI spend overview
- Egg industry overview
- New buying strategy
- Rembrandt benefits
- Productivity details



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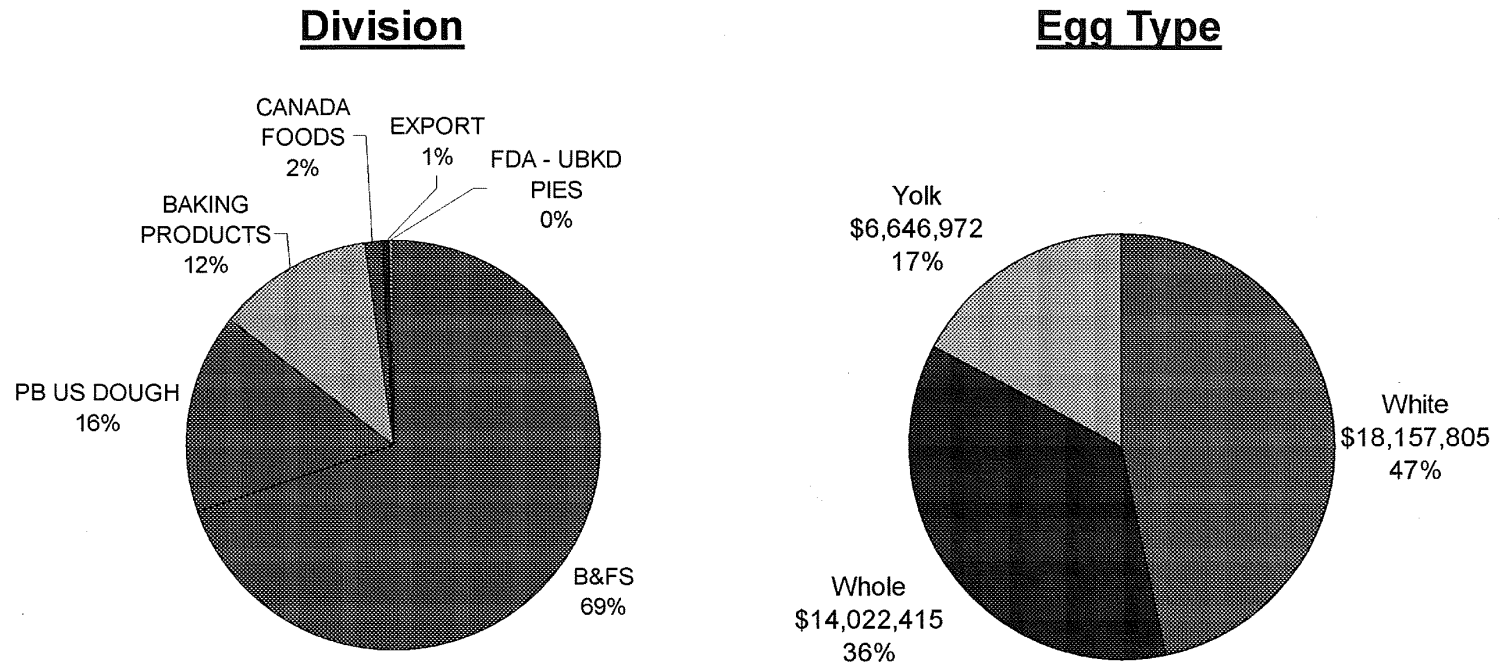
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## \$38.8MM Egg Category is Highly Concentrated in Three Divisions



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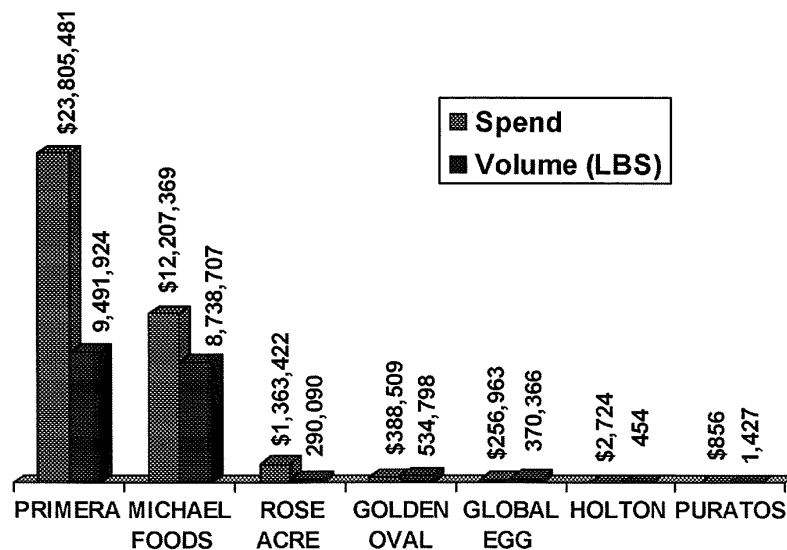
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## Egg Spend is Concentrated with Two Key Suppliers



### •Sourcing Strategy

—Seasonal buy of “cheap” eggs to dry and store for later use

—Prices based off of UB breaking stock market

### —Key drivers

•Industry expansion  
>2% annually

•Cheap feed: corn and soybean meal



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## Egg Market Continues to Gain Strength

- Production volumes are below 2006 levels and inventories continue to run very tight nationwide
  - Whole = \$3.17/LB, white = \$5.05/LB, yolk = \$2.37/LB
- Domestic retail demand is abnormally strong
- Exports continue to take away eggs from what is already a tight supply in the US market
- Production margins are high and producers have been very profitable thus far in 2007



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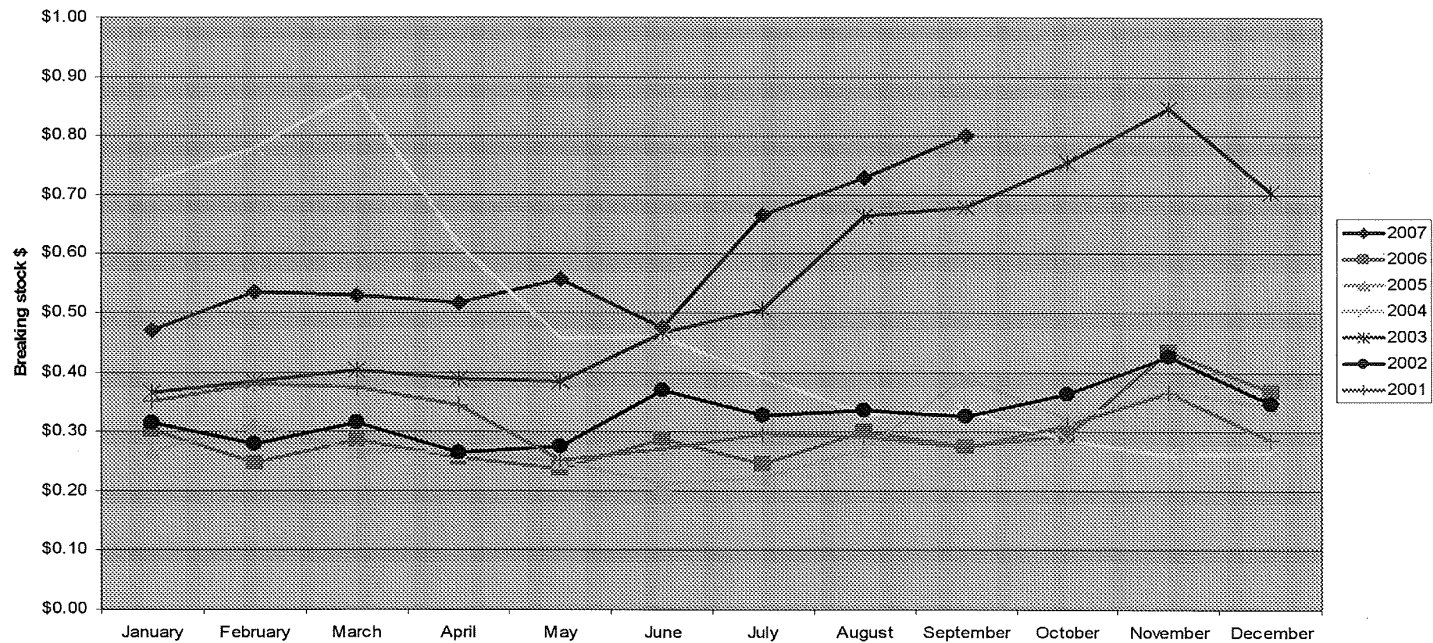
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## Breaking Stock Prices are Approaching All-time Highs - \$.80/doz.

Breaking Stock Prices (2001-2007)



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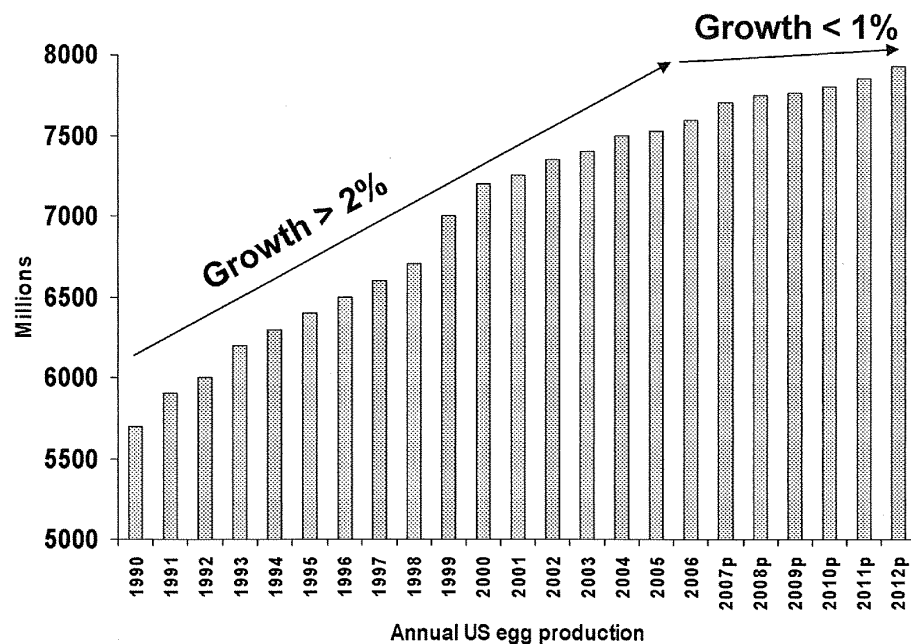
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## Egg Production: The Growth is Slowing Due to Structural Changes in the Industry



### WHY?

- Investment \$ to other sectors - ethanol
- Tighter environmental restrictions
- Animal welfare / cage space
- High corn costs & lower supply



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## US is Seeing New Export Demand from Europe and Asia

- US shell egg exports have doubled in last year
  - Egg product exports up 18%
- Stricter animal welfare laws in Europe
  - Less European production allows for more US imports
- High energy costs encourage export shipments of high value products like eggs instead of corn or meal
- Bird flu concerns continue
  - Recently found in Germany
- Currency benefits; weak dollar



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## A Changing Egg Market Requires a Change in Buying Strategy

- Why do we need to change?
  - Strong demand for exports to Europe & Asia continue to create volatility in market
  - Missing out on productivity opportunities
  - Domestic supply growth will be slow
  - Major breaking stock suppliers moving up value chain
    - Chasing same “value opportunity” as GMI
- Why is this strategy different?
  - Provides more stability in pricing
  - Allows GMI to execute aggressive grain management strategies



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## Rembrandt Offers Long-term Cost Advantage

- Vertical integration
  - Freight savings
  - Better product yields
- New efficient dryer technology
  - Lower dryer margin
- Better quality control
  - In-line breaking provides control and traceability throughout the entire process from hen to packaging
- Flexibility between pricing methodology
  - Breaking stock model
  - Feed cost plus based model
    - Note: GMI needs to fix methodology for term of agreement.
- What is the benefit?
  - \$2.9MM in productivity savings, F'09



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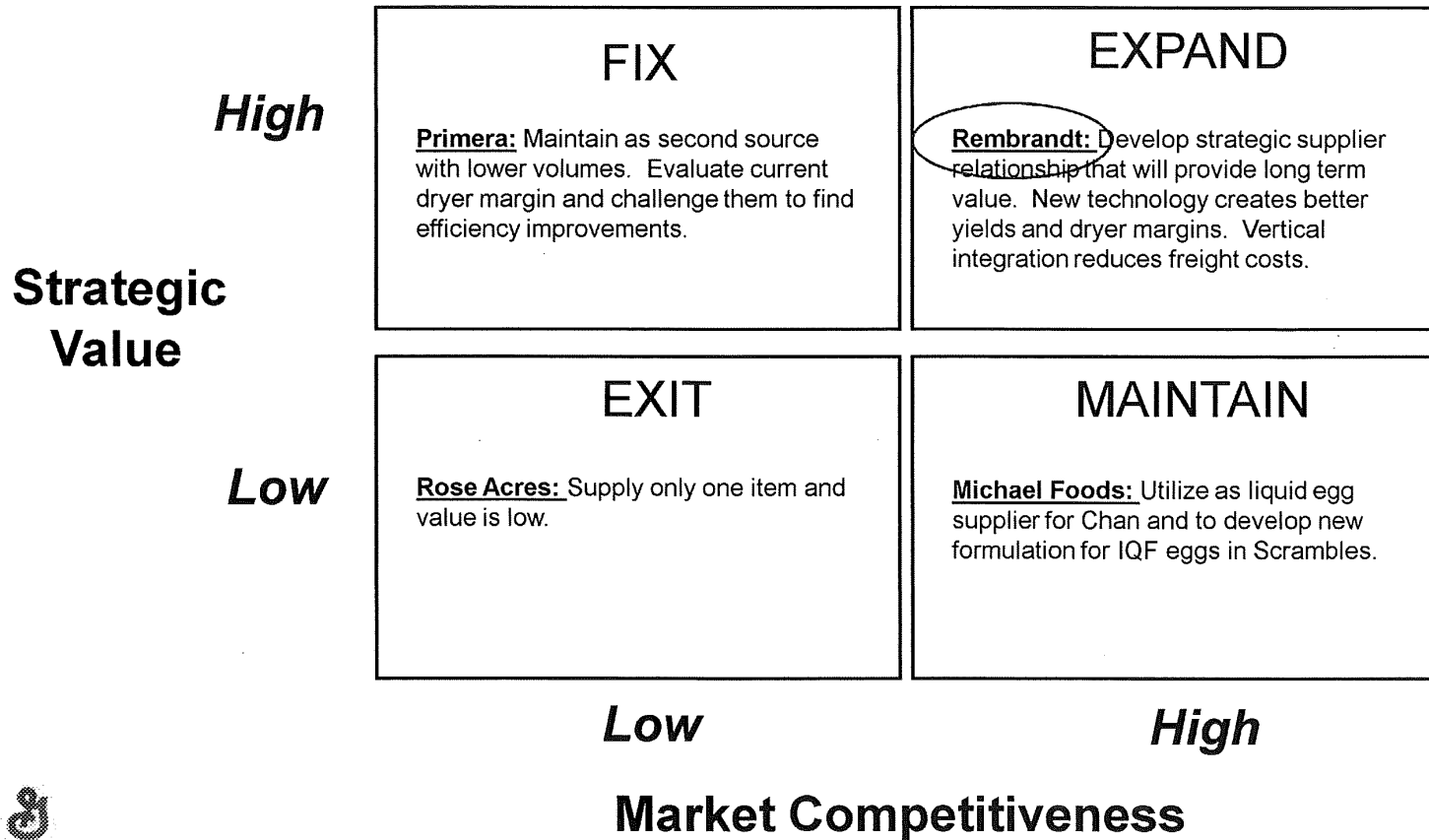
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# Strategic Decision Framework Model Clarifies Our Choices



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## Egg Strategy Will Drive \$3MM in Productivity

- Change to more efficient supplier - \$2.00MM
  - New efficient dryer technology
  - Vertical integration
  - Less freight costs
  - Better product yields
- Change in pricing model - \$.900MM
  - Breaking stock model to feed cost model
  - Feed cost model - matrix pricing with only two variables: corn and bean meal
  - GMI able to utilize grain risk management strategies to hedge corn and meal
  - Rembrandt offered incentive for feed cost model
- Other productivity ideas - \$2.77MM
  - Purchase liquid from Rembrandt on cost plus model and dry it at Primera - \$2.5MM (cost avoidance)
  - Move current liquid requirements to Rembrandt - \$.2MM
  - Reduced dryer margins at Primera - \$.067MM



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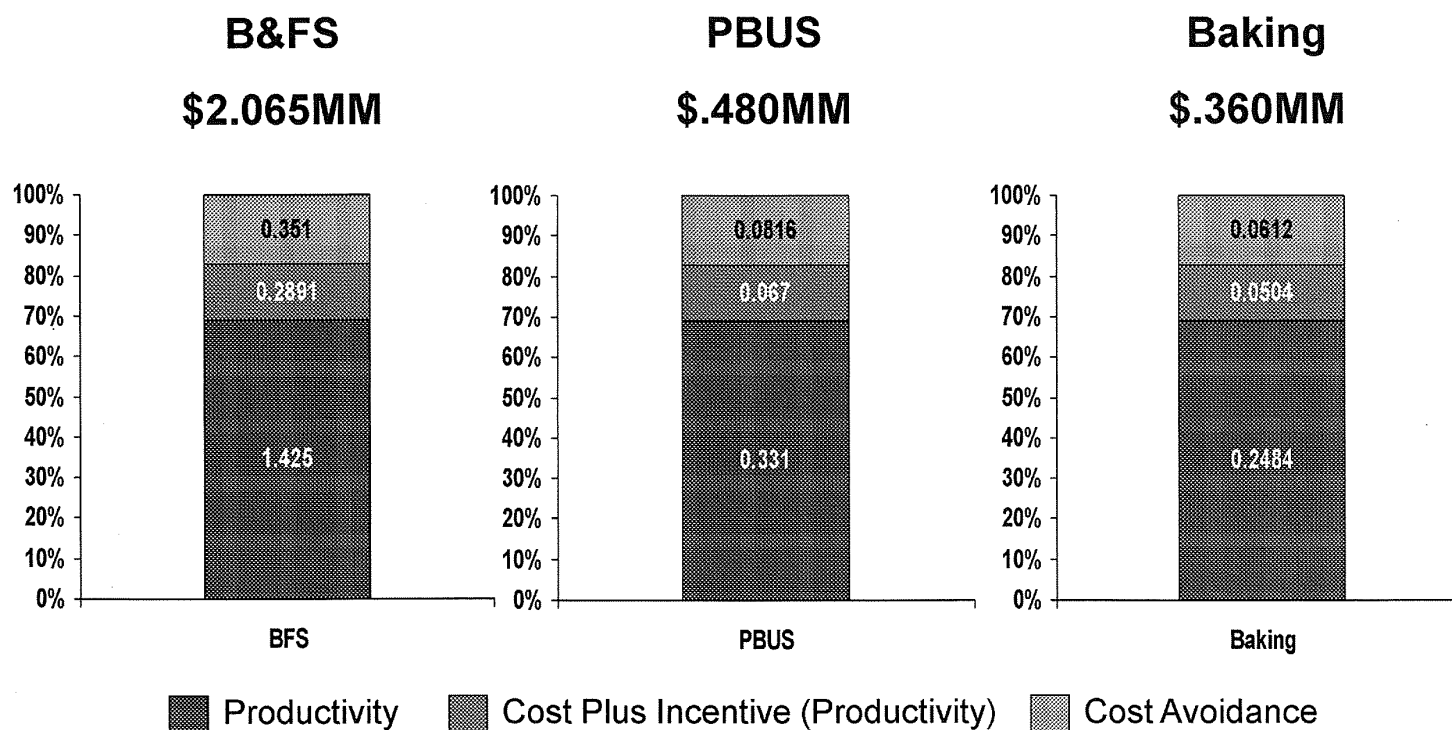
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## Dried Egg Cost Savings Opportunity - \$2.9MM

*Approved by Scott Takekawa*



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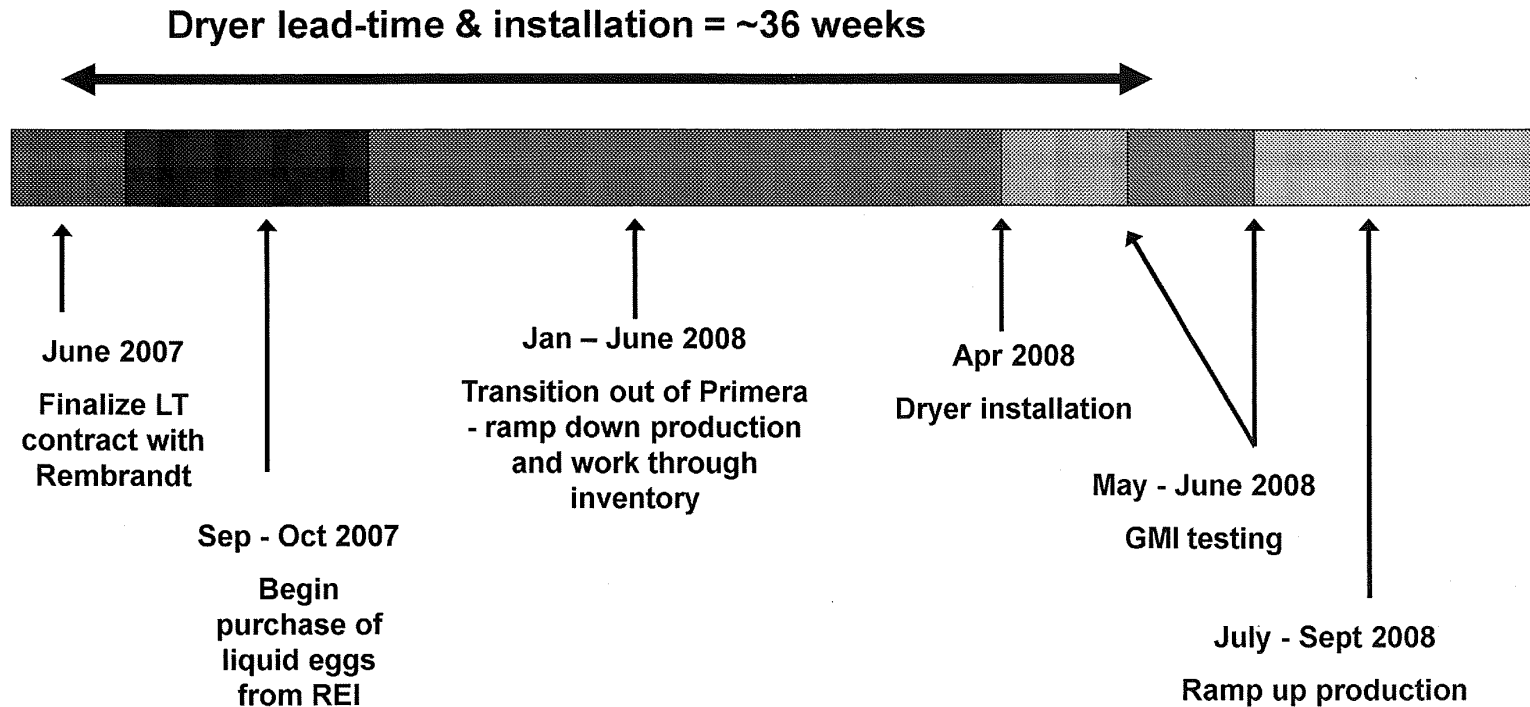
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## Timing is critical piece of project success



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## Identified Productivity Projects in WebMET

<u>Project ID</u>	<u>Project Name</u>	<u>Description</u>	<u>Start Date</u>	<u>Value</u>
6904	Liquid Egg Cost Avoidance - Rembrandt to Primera	Buy liquid eggs from Rembrandt on a cost plus model and ship to Primera for drying	Sep-07	\$2.5MM
6978	EGGS/DRIEDEGG Cost Avoidance	Changing pricing methodology from breaking stock (market based) to cost plus model	Jan-08	\$.493MM
7386	EGGS/DRIEDEGG Cost Plus Incentive	Incentive offered for taking a cost plus model	Jan-08	\$.407MM
7387	EGGS Dryer Savings	Improved dryer margin from Primera	Jan-08	\$0.067MM
6977	EGGS/DRIEDEGG New Supplier & Strategy	Change to a more efficient dreid egg supplier	Jun-08	\$2.004MM

<b>TOTAL</b>	<b>\$5.471MM</b>
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## Backup Slides



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## Possible Deltas Between Breaking Stock and Feed Cost Model

<u>Contract Year</u>	<u>Growth &gt;2%</u>	<u>Growth = 1%</u>	<u>Growth &lt;1%</u>
Year 1	\$0.05	\$.10	\$.15
Year 2	\$0.00	\$.04	\$.10
Year 3	(\$0.05)	\$.02	\$.075
Year 4	(\$0.075)	(\$0.03)	\$.05
Year 5	(\$0.10)	(\$0.05)	\$0.00
Average	(\$0.035)	\$0.016	\$.075
Value	\$1.10MM	\$2.94MM	\$5.1MM



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D-0013-0017 of 0017